

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

483B4
73

U.S. Department of Agriculture
Office of the Secretary

Advance for Release
6:30 A.M. EST., Nov. 10, 1977

A national food policy can no longer be a one-dimensional program.

In fact -- until now -- this nation has never even considered a genuine and comprehensive national food policy.

We have had various farm policies and programs. And we've had an assortment of programs for food assistance.

Until recent years, we've really never had a consumer policy where food was concerned.

And our farm export policy has been mostly a combination of international charity and a program to get rid of farm surpluses.

Great changes have taken place in all three areas in the last five to ten years. Previous Administrations have not noted these changes and therein lies the nub of our current problems.

In a five year period, American agriculture has gone from surpluses of wheat and feed grains in 1972 to a period of unprecedented exports when our reserve stocks were at a dangerously low level in 1974 -- with wheat prices running the gamut of \$2.25 in 1972 to \$6 a bushel in 1975 and back down to \$2.00 a bushel now. At the present time, wheat inventories are back up to a record 2.4 billion bushels. We have seen similar rise and falls in other feed grains, soybeans and livestock.

Remarks of Secretary of Agriculture Bob Bergland, November 10, 1977
before the United Livestock Auction, Maquiketa, Iowa.

In the consumer area, the farm and agri-business sector took the traditional consumer-be-damned attitude. Today that is no longer possible. Higher food prices and the consumer fear that we may run out of food have created a new concern among the 215 million consumers over our farm and food policies.

In the international arena, change has been even more pronounced.

The "Great Oil Embargo" shook us up.

It forced everyone to recognize the vital importance of our farm exports -- if for no other reason, simply to help pay for our massive imports of oil.

On other international fronts, American food has assumed a new and powerful role as an effective instrument in diplomacy.

To prove how oblivious we were to the importance of our farm exports we tinkered dangerously with embargoes of soybeans and wheat and feed grains. Not once -- but three different times. We have paid dearly for this thoughtless mistake -- and are still paying for it.

And we further endangered our integrity and reputation as a dependable supplier of quality farm commodities to other nations when we foolishly permitted grave abuses to continue in the inspection and weighing of grain for export. By cracking down hard on port and terminal inspections, we are slowly but surely regaining the confidence of our foreign customers. But it isn't easy.

That, briefly, was the legacy we inherited when we took office last January.

(more)

USDA 3237-77

Obviously the problems cried out for a substantial change in our overall food policies. They demanded that we put them in a new perspective, and tie together all the dimensions of food -- both domestic and international -- into one unified package.

This we are determined to do.

This Administration is now pursuing a firm policy of providing protection for our farmers -- for without their unsurpassed productive capacity, any national food policy rings hollow.

The new Food and Agriculture Act -- which this Administration and the Congress put together -- provides adequate protection for our domestic and foreign consumers.

We are and will remain competitive in the world markets and use our food as an instrument of world cooperation and peace.

Our policies are flexible enough to deal with changing domestic and global conditions.

Our national food policy recognizes that we must provide a balance in addressing the need to protect farm income at all costs -- hedge against rapid food price inflation -- insure adequate reserves, both for domestic purposes as well as reserves for international needs.

Our agricultural policies are a doubled edged sword.

They have to be -- because international problems have a direct domestic impact both on our farmers and our consumers.

(more)

USDA 3237-77

Let me elaborate.

The relationship between our farm support prices and our competitive position in world markets is inescapable. If our price support and loan levels are set too high, our market share will decline, our farm economy will remain depressed and our Federal budget outlays will be excessive and unacceptable.

There is also a direct relationship between the level of our domestic food inventories and world and domestic food prices and potential growth in both markets. Inadequate stocks of wheat and feed grains and high and erratic prices reduce that rate of growth in demand for our farm products. Excessive surpluses -- as we now well know -- poses a serious threat to farm income.

Thoughtless and needless export controls and embargoes can create disastrous problems. The periodic use of export controls leads to loss of foreign markets, reduces the confidence of foreign nations in our reliability as suppliers of food. Further, embargoes in the recent past forced a number of producing nations to increase their productive capacity of wheat and grains, thus adding substantially to overall world stocks and less demand for our commodities.

If we have learned one lesson, it is this: needless export controls may give us temporary, short-term gains but they are quickly outweighed by long-term losses.

(more)

USDA 3237-77

This Administration has announced one inflexible policy in this regard: short of war or national emergency, we will never again impose export embargoes on any farm commodity.

The impact and the relationship between our farm export policies and our farm policies is too little understood -- and neither farmers nor the general public really appreciate the dollars-and-cents economic consequences of this relationship. Nor have we in this Administration fully told what we are doing or trying to accomplish in this area.

This has been our fault and I would, today, like to discuss this in some detail.

As agricultural policy for the United States must, we have come to recognize, be a global policy for agriculture and food. In the Carter Administration, we have approached agricultural policy with that in mind.

For every three acres of cropland harvested, we devote almost one acre to commodities that cannot be sold at home. This heavy dependence on world markets is built into the entire structure of production, marketing, and farm income in this country.

We must export. We must, moreover, recognize that our world obligations go beyond commercial exports to include food aid, developmental assistance, and a joint responsibility for the creation of greater stability in world agriculture.

With these goals, we have, in the space of ten months established rather clearcut new directions in U.S. agricultural policy:

*We have new farm legislation intended to keep our products price competitive by means of realistic loan levels -- and at the same time keep American farmers in business.

*We have expanded market development activities abroad -- both geographically and in total effort.

*We have been instrumental in accelerating the Multilateral Trade Negotiations in Geneva -- and are pressing hard to protect and advance U.S. farmer interests.

*We are open to international commodity agreements and reserve programs and are in fact supporting a proposed new International Wheat Agreement which would include price provisions as well as international reserves.

*We are taking a more flexible attitude toward developing countries with major changes in P.L. 480, expanded resources for overseas development, and a more positive policy toward international organizations.

None of these objectives would have much meaning without the support of a strong and productive American agriculture. A strong American agriculture would not be possible without a high level of commercial exports -- and we have this! In fiscal year 1977 ended September 30, U.S. agricultural exports totaled \$24 billion, a gain of more than \$1 billion from the preceding fiscal year and an all-time record.

(more)

USDA 3237-77

Agricultural imports also increased -- from \$10.5 billion to \$13.4 billion -- due primarily to high coffee prices. Nevertheless, our agricultural trade produced a surplus of \$10.6 billion. Our agricultural exports thus offset the cost of all imported foods, and in addition were a major offsetting factor to high-priced energy imports. Even with our agricultural trade surplus, the overall U.S. trade balance is in the red because of petroleum imports. How much worse that deficit would be without record agricultural exports!

In terms of value, exports of grain declined while all other commodity groups advanced. It is particularly noteworthy that U.S. exports of livestock products in fiscal year just ended climbed to a record \$2.2 billion, compared with \$1.8 billion the year before. Imports of livestock and livestock products, meanwhile, totaled about \$2.0 billion in fiscal 1977, the same as the preceding year.

My point is that in fiscal 1977 our exports of livestock and livestock products exceeded our imports of those items -- for the first time. Something to think about in an area like this -- with an economy so closely linked to livestock production and marketing.

In terms of volume, we exported a record 50 million tons of feed grains and 24.7 million tons of wheat in fiscal 1977 -- for a total exceeding 75 million tons. These figures represent a slight increase in feed grain exports over the preceding year and a decline in wheat exports of about 6 million tons. The decline in wheat exports reflects a worldwide drop in wheat trade due to a world crop about 18 percent larger than the preceding year.

The Communist nations continue to be an important factor in our agricultural trade, although down slightly from fiscal 1976. In the year just past, we sold \$1.0 billion worth of U.S. farm commodities to East European nations and a similar amount to the Soviet Union.

We learned just last week that the Soviets' 1977 grain crops are not as large as we had estimated, which leads us to increase our expectation of Soviet imports. A crop of 194 million tons of all grains is 30 million tons below last year's crop and about 20 million tons below our September estimate. We now believe Soviet grain import requirements in the year ahead will be between 20 and 25 million metric tons.

With a Russian grain crop shorter than expected, we can assume that the USSR will buy well beyond the 6 million ton minimum -- perhaps approaching or equalling the 15 million tons that we discussed with them a fortnight ago.

The Soviets and East Europeans represent a growth market of increasing importance to Midwest farmers -- and along with the developing countries and OPEC countries provide a new dimension to our sales efforts. We are moving in every way feasible to increase overseas marketings -- to continue to uptrend in our farm product exports.

(more)

USDA 3237-77

In London, the International Wheat Agreement moves forward with a series of preparatory discussions and a meeting of the International Wheat Council itself scheduled for November 30-December 1. The agreement could bring order into the world wheat situation by providing greater stability to world wheat prices. This can be accomplished if we and other importing and exporting countries agree to carry and finance adequate stocks of wheat. However, the system must be flexible, not rigid. We know a rigid system of minimum and maximum prices which requires bureaucratic controls is doomed to failure. We cannot accept that kind of agreement. We have met with Soviet delegations both in Washington and Moscow in recent weeks -- also with a Polish group and some other bilateral missions. I will be going this weekend to Rome to lead the U.S. delegation to the 19th Session of the Food and Agriculture Organization of the United Nations.

We do not contend that we have all the answers -- but we are convinced we are on the right track. We have taken a series of positive steps to establish a national food policy that recognizes the close interdependence of our farmers, our consumers, and our foreign obligations. Such a policy is long over-due.

Our first and primary concern is to keep our farm family system of agriculture strong and productive. For without our farmers there can be no food policy of any kind.

(more)

Our farmers do have real and serious problems at the present time. This Administration recognizes those problems. We do feel, however, that the new Food and Agriculture Act will work if given the chance. It is too early to pass final judgment on it now. After all, farmers have just planted their first winter wheat crop under the new Administration. The new farm policies are just now going into effect.

We are not offering just promises we cannot keep nor policies that do not work. We are offering the farmers and the nation a food policy that is based on realities of weather, the markets, and our world commitments.

In the long run these policies will mean a more stable American agriculture, more protection for the nation, and a better and more human use of our food throughout the world.

Thank you.

#

Advance for Release 6:30 A.M. EST., Nov. 10, 1977

U.S. DEPT. OF AGRICULTURE
NATL. AGRI. LIBRARY
RECEIVED

DEC 13 '77

PROCUREMENT SECTION
CURRENT SERIAL RECORDS